

FORMAL COMPLAINT FORM



0000133947

ORIGINAL

COMPLAINANT <i>J. Alan Smith</i>	COMPLAINT NUMBER <i>2011-90889</i>	PHONE (HOME) <i>928-302-8341</i>
ADDRESS <i>8166 BARRANCA Rd Payson, AZ 85541</i>		PHONE (WORK) <i>928-951-2083</i>
NAME OF RESPONSIBLE PARTY <i>Robert T. Hardcastle</i>		
NAME OF UTILITY <i>Payson Water Co / Brooke Utilities</i>	ACCOUNT NUMBER <i>61138-24899</i>	
GROUNDS FOR COMPLAINT: (COMPLETE STATEMENT OF THE GROUNDS FOR COMPLAINT, INDICATING DATE(S) OF COMMISSION/OMISSION OR ACTS OR THINGS COMPLAINED OF.) (USE ADDITIONAL PAGE IF NECESSARY.)		

See ATTACHED

W-03514A-12-0007

Arizona Corporation Commission

DOCKETED

JAN 10 2012

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AZ CORP COMMISSION
DOCKET CONTROL

NATURE OF RELIEF SOUGHT: (USE ADDITIONAL PAGE IF NECESSARY.)

SEE ATTACHED

SIGNATURE OF COMPLAINANT OR ATTORNEY

J. Alan Smith

GROUNDS FOR COMPLAINT

Monday June 6th Complainant's water meter was read when Stage 2 was posted.

Tuesday June 7th Complainant's meter was read while in Stage 2 or in stage 3. Tuesday about 3:15pm the water stage sign was changed from stage 2 to stage 3. There is no time indicated on disconnect notice of when the meter readings were taken. Stage 2 is voluntary. Stage 3 is mandatory.

Wednesday June 8th Complainant's water was shut off about 9:15 am. The warning notice of disconnection was found in Complainant's meter box about 4:00 pm. There was no other attempts to notify Complainant by phone or in person of disconnect warning notification prior to water being shut off. The warning notice at the bottom asks for cooperation of the customer.

Warning Notice of disconnection (see exhibit A) alleges that Complaint failed to observe the water conservation requirements of Decision of 71902 and was required to reduce water use in 24 hours. Stage 2 is a voluntary conservation measure and a 20% in water reduction. Stage 3 is a mandatory conservation measure and a 30% in water reduction. (see exhibit B).

The warning notice of disconnection gave Complainant a 24 hour period to reduce water by 33 gallons. Disconnect warning notice shows 130gallons was used in a 24 hour period, by taking a meter reading on Monday and Tuesday: per the instruction's of the ACC directions for "calculated daily water use " (see exhibit C).

This would look like Payson Water Company/ Brooke Utilities followed ACC guidelines if it were not for the fact (see exhibit D) there is no indoor water restriction. The curtailment plan is designed for outside water use. The language by staff in it's original opposition (decision 71902) of the daily use calculation shows that the curtailment plan is applied to outdoor water use. The staff also pointed out that there are conditions where water use could be excessive, beyond the customer's control.

Complainant alleges that Payson Water Company/Brooke Utilities violated the terms and conditions set forth by Decision 71902. The Water Company did this through a fraudulent and deceitful method by just reading meter's and demanding a water reduction for any water used. There is one meter and this does not give accurate information to the Company as to how that water was used. Complainant has not been given any previous notification of high water use.

Complainant notified Al a staff member of the ACC of the disconnection notice. Al told Complainant (" a renter") that the ACC does not take third party complaints. The water bill comes to the address of Complainant and shows Complainant's name on the bill. Complainant also pays the water bill in cash at the APS Office in Payson Arizona. Al also notified the Utility Director who agreed that finding a disconnection notice in meter box, was not a valid notification but the Director was under no legal obligation to speak with Complainant because of the renter status. These statements are all phone conversation's between Complainant and Al of the ACC.

Complainant's water augmentation surcharge was excessive and abusive as it charged twice for the same amount of water.

FACTS IN SUPPORT OF COMPLAINT

June 8th Complainant's water was shut off for allegedly violating ACC decision no. 71902 and its curtailment plan. Complainant found the disconnection notice in the meter box. Complainant called Brooke Utilities' 800 number for customer service on June 8th late in the afternoon the Office was closed. Complainant's wife called June 9th and spoke to a customer service rep and tried to explain we only use water indoors. They said they understood that but we were using too much water and it would cost \$200.00 dollars to have the water turned back on.

Complainant contacted the ACC (per the water bill instruction's for billing dispute's) that afternoon of the 9th and spoke with Al. Complainant told Al they (Brooke Utilities) shut the water off and found the notice of disconnect in the meter box. Complainant told Al they wanted \$200.00 dollars to have the water turned back on. Al asked what for? Complainant told Al that was the reason for the complaint. He asked for the Account information, Complainant told Al it was not in my name as I was a renter. He said they did not take third party Complaints. Complainant told Al the Home Owners had already been contacted

The Homeowners live in North Carolina. The water bill is sent to Complainant here in Payson Arizona and Complainant pay's the water bill in cash at the APS office in Payson Arizona. There is no local office for customer's of Payson Water Company/ Brooke Utilities in Payson. All billing questions anything to do with water provided by this company is handled By calling the Brooke Utilities 800 number in Costa Rico.

The homeowners spoke with Al and he said it would take 5 day's to review. The homeowners contacted the emergency number for Brooke Utilities late in the Afternoon of the 9th and spoke with a water tech who did not have the authority to turn the water back on. The homeowners asked to speak with a supervisor and the water tech said he could not contact a supervisor until the morning of the 10th. The homeowners were trying to get the water company to turn the water back on.

The morning of the 10th called the homeowners and they had not heard from the water company supervisor. Complainant called in the afternoon and they still had not heard from the water company.

Complainant decided to pay the \$200.00 fine and went to APS about 3:00 pm and paid the fine. When Complainant was there he asked if anyone else was paying fines to the water company. Complainant got a response of 100's just like you unhappy with the water company. The water was not turned on that day. As to this day homeowners have never been contacted by anyone conducting business for Brooke Utilities on this issue.

The water was not turned back on during the weekend. Monday the 13th the water was not turned on in the morning. In the Afternoon Complainant went to APS to ask them if they had notified Brooke Utilities of payment. They checked their records and told me that they email payments every morning following the business transaction of the previous day. This means the fine payment I made on Friday would not have been sent until the morning of the 13th on a Monday.

Tuesday the 14th about noon Complainant called the homeowners and requested they contact the water company as I had been unable to. They called me back within an hour and said they had spoken with a customer service rep in Costa Rico who verified that Complainant had made a payment. Complainant water was turned back on about 3:00pm Tuesday the 14th.

Thursday the 16th Al from the ACC called. He explained that the ACC had contact with the Water Company June 8th and requested they turn the water back on and not impose fines. The water company declined said they were in stage 4. Al said the fine I had paid went to the water company. Al went on to explain that he was having a meeting later on in the day with the Lawyer's of the ACC.

Complainant called the homeowners and asked if Al with the ACC had called them. They said he had called looking for me and they had told them the same thing. I asked if they had heard from the water company and they had not. Also I had received my May water bill as I had requested. It had not come in the mail at its normal time. Complainant discovered that they had shown I had used 8,060 gallons. This was double of my normal use.

FACTS OF WATER BILLS STATEMENTS

Complainant started a review of water bills (see exhibit E for April) and noticed that the meter read on April 16th was 259280. Complainant compared that to the disconnect notice meter reading taken on June 7th of 263690. Complainant did the math $263690 - 259280 = 4,410$ gallons, April 16th to June 7th 52 days Complainant had used 4,410 gallons. This shows that Complainant's daily average water use 86 gallons per day prior to notice of disconnect on June 7th.

This shows that the meter reading taken 5/16 showing 267340 (see exhibit F for May) was in error as the meter reading taken June 7th was 263690. Complainant called the water company and told them of this error. Mary was the customer service rep for (Payson Water Company/Brooke Utilities) told me they were sorry and would check the meter. Complainant asked them to refund the \$200.00 fine as the meter reads show there was no violation of decision 71902

The billing statement showing bill date April 22 (exhibit E) shows the bill was paid may 17. The next month statement bill date May 20 (exhibit F Complainant did not receive until the 16 of June) shows a previous balance of \$27.29 and a late fee of \$0.41, even though the proceeding month was paid prior to the posted bill date of May 20th.

Listed on the Account Activity shows two charges billed at 0.00299 one at \$5.87 and one for \$ 6.27 a total costs \$ 12.14 for a total gallons of 4,060. Another 4,000 gallons was charged at a rate of \$0.00193, for a total cost of \$ 7.72. All these charges are for the billing period April 16 thru May 16. The bill should have read the standard charge of \$16.00 plus the rate of \$0.00193 for gallon consumption up to 4,000 gallons.

Complainant already established that 4,410 was used between April 16 and June 7. The meter reading of 267340 would have been closer to 261340. The fact is my wife and I were gone on vacation from the 16 of April to the 23 of April. Complainant's water bill should have been around \$23.00 at the most not \$39.05. When I paid the \$200.00 fine June 10th and included \$25.00 for the May bill he had not received.

The bill received in Late June (see exhibit G) shows a current charge of \$210.45 past due charges - \$186.05 and a total due of \$24.40. In the account activity box shows a credit for 3250 gallons (Commodity Charge) at a rate of \$0.00193 for a total amount of \$ 6.27. This is not a refund for the overcharge of 4,060 gallons at the higher rate of \$0.00299 for the amount of \$12.14. Complainant contacted the Water Company in late June and told them this bill was confusing and would like to have them go over it with him. They refused and said they did not have enough information and it was under review with the ACC.

SUMMARY

Complainant prior to the above complaint contacted Brooke Utilities in Bakersfield California about problems with having the water shut off and requested they notify homeowners or myself before terminating water service and placing a lock on the service connection because Complainant was a renter and there is no customer service in the local area in the event problems should occur.

As a general rule you call the service center and get a message that says leave a message and they will call back in 3 hours. Because of the time difference and the hours they can be contacted often their offices are closed and you can not contact them in the event there are problems. And often they will not return your calls for day's.

The ACC, "AI" said because Complainant is a renter they do not take third party complaints. The water laws set forth by the ACC specifically R14-2-410 (F) landlord/tenant rule and advance notice required R14-2-410(d)(1)(2)(A1), B(1)(d), C(1)(a), E(1)(2)(4) language clearly shows Complainant's water service can not be shut off without following procedures that includes a direct contact with the renter before disconnecting the water.

Complainant has suffered damages and injuries, financial hardship and forced to pay for billing mistakes, meter read error's, water service termination and reconnection fees, water hauling charges, and a fine which are all mistakes due to the negligent acts of the employees and Company Official's who directly, manage and oversee the operations of this Public Service Utility.

Complainant has contacted the consumer complaint staff official's of the ACC and Commissioner's in response to billing statements, water disconnect, water hauling charges, documentation of water hauling manifest.

The response of the ACC as to the issue of the water disconnections to the community and Complainant in June to turn the water back on and not impose fines was ignored by the Utility Company. This was in direct violation of the State Law; ARS title 40-422, when the commission is of the opinion that a public service corporation is failing or about to fail to do anything of it required by law or an order..... the commission shall bring an action in the superior court in the county in which the claim arose.....

In addition the fraudulent billing charges are in violation of State Law; ARS title 40-36, charges by public service corporations are required to be just and reasonable..... rules and regulations relating to charges or service are required to be just and reasonable.

Complainant reading the local newspaper article relating to water hauling charges, spokeswoman for the commission Rebecca Wilder has commented " Company has done nothing wrong" in imposing water hauling charges. Complainant is of the strong opinion based on Complainant's outstanding issue's with the ACC and the Company there is substantial evidence "The Company" has already violated laws and is held to a lower standard of conduct then the Complainant.

Complainant has not been given any credibility of conduct by Company or ACC when initiating complaints to the Company or the ACC. Complainant claims actions are discriminatory and allege they are violation's of Federal & State Consumer laws and Public Policy.

APPENDIX B

There has been a lot of controversy of the water augmentation cost charged to the customers of the Mesa Del Caballo system. This was a large part of the ACC decision 71902. This decision gave the water company permission to recover the cost of purchased and hauling water. Complainant contacted the Ombudsman office and spoke with Catherine Marquoit about getting the documents from the ACC showing the cost of hauling water for the Months of May, June and July 2011. This document sent from the ACC (**see exhibit J**) shows that the total costs to purchase and haul water in June 2011 was \$16,763 that figure divided by the Total consumption of water (1,234,320 gallons) by the community equals \$.0136/gal. This conflicts with the decision that the only cost to purchase and haul be recovered as the documented water hauling cost.

Complainant maintains that the wells are producing water while there is water being hauled (**see exhibit B** in section grounds for complaint). There is no water augmentation in Stages 1 and 2 as wells are producing enough water to meet the demands of the community. The company has a water storage capacity of 105,000 gallons. When the wells are producing water and the storage of the 105,000 gallons water is full, this is stage 1. When stage 3 goes into effect then water hauling starts until the storage tank of 105,000 gallon is at full capacity. So why are some wells offline?

Another factor to consider is that water hauling can only continue until storage tanks are full. The tanker hauls 6,000 gallons of water per load. $6,000 \times 18 = 108,000$ gallons. This means only 18 loads are required to fill storage tanks. Complainant has no way of knowing how company determines when to enter stage 3. However the company is required to notify the consumer services division of the Utilities division (the ACC)

1. 12 hours prior to entering Stage 2.
2. 6 hours prior to entering Stage 3.
3. 6 hours prior to entering Stage 4.
4. 4 hours prior to entering Stage 4.

See curtailment sheet with stages. This also points to another issue. The community uses as a whole approximately 40,000 gallons a day. $40,000 \times 31 = 1,240,000$. during the peak summer months.


Complainant is already being charged for total water use. One rate for 4,000 and the higher rate for 4,000 gallons. With this formula Complainant is being charged again for total gallon use and not for his proportional use of hauled water. The difference being all that water was not hauled water. The wells were putting water into the system in all stages. Therefore to take the entire amount of water 1,234,320 and divide it by the costs to purchase and haul water is charging the community twice for the water used and is not proportional resulting in profit for the Company where no profit is to be made.

However the water company did not haul all of the water used by the Customers. The documentation Complainant received from the Ombudsman office (from the ACC, Connie Walzak) does not show the company hauled water every day of the month.

NATURE OF RELIEF SOUGHT

1. The Court should order a full investigation of the Water Company as to misconduct of reviewing consumer complaint's, relating to all Federal and State consumer fraud laws.
2. The Court order a full investigation into discriminatory acts of the Company that violate laws and orders of the ACC with impunity, while customers suffer economic penalties and disruption of water service for supposed violation of same decision 71902 and suffer again overcharge's for water hauling, while ACC staff maintain the Company did nothing wrong.
3. The Complainant should be fully refunded all money paid out for the wrongful termination and reconnection of water service and for water overcharges on the water augmentation surcharge (for the continual abuse of billing overcharges to the customer) and pay back in full plus a 10% per month compounded monthly 120% APR on any unpaid balance for use of Complainant's money for Corporate profits and until full payment has been received.
4. The Court order a full criminal investigation into the customer service center of Brooke Utilities Inc., Corporate practices, all customer service calls and complaint's, billing practices and preparation, Corporate Records for water augmentation and the hauling records of the hauling companies for possible criminal prosecution for consumer fraud.

Respectfully Submitted this 9th day of January, 2012


Alan Smith in Propria Persona

Certificate of Service

A copy of the foregoing has been mailed this 9th day January, 2012 to the following;

**Docket Control
Arizona Corporation Commission
1200 W. Washington St
Phoenix Arizona, 85007**

EXHIBIT "A"

Mesa del Caballo Water System

Pursuant to the revised Curtailment Tariff approved by the Arizona Corporation Commission Decision No. 71902 dated September 28, 2010 please be advised of this

WARNING NOTICE OF DISCONNECTION

For failure to observe the water conservation requirements of the Decision. Your water service will be disconnected in approximately 24 hours if water conservation of the required quantity of water provided in the Decision is not accomplished.

Today's Date: 6/7/11

Today's Conservation Stage: Stage 3

Disconnection Date: 6/8/11

Service Location: MESA L442, Mesa del Caballo

Meter #: 66247806

Today's Meter Read: 263690

Yesterday's Meter Read: 263560

Daily Use: 130 gallons

Maximum Daily Use: 97 gallons

Required Usage Reduction: 33 gallons

RECEIPT		No. 329315	
DATE	<u>6-10-11</u>		
FROM	<u>John A Hutchison</u>		
TO	<u>\$225.00</u>		
DOLLARS			
<input type="radio"/> FOR RENT <input type="radio"/> FOR		<input checked="" type="radio"/> CASH <input type="radio"/> CHECK <input type="radio"/> MONEY ORDER <input type="radio"/> CREDIT CARD	
PAID	FROM		
DUE	BY		
51-01115 61138-24899 JUNE 10 2011 A-2501 T-16820			

YOUR COOPERATION IS IMMEDIATELY REQUIRED

Avoid Disconnection. Reduce water consumption as required above.


EXHIBIT "B"

		Revised	SHEET NO.	
Payson Water Co., Inc.		Revised	SHEET NO	
Docket No. W-03514A-10-0116 et al.	Mesa Del Caballo Water System (PWS 04-030)			
	(Name of Service Area)			

Stage 3 Exists When:

Water System's storage level is less than 70% of capacity but more than 60% of capacity for at least twenty-four (24) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

Restrictions: Under Stage 3 conditions mandatory conservation measures should be employed by customers to reduce water consumption; by at least 30% as measured on a daily use basis. Further water use restrictions shall include: (a) no outside watering is permitted on Mondays, Thursdays, and Fridays; (b) outside water is permitted on Tuesdays and Saturdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays and Sundays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or airborne irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m. Under Stage 3 conditions the Company shall inform customers of the Water System of the mandatory restriction to employ water conservation measures to reduce daily consumption by 30%. Failure of customers to comply with this requirement may result in service disconnection as described by this Curtailment Plan. Under Stage 3 conditions, the following uses of water are strictly prohibited: (1) outdoor irrigation of lawns, trees, shrubs, or any plant life, except as otherwise provided herein; (2) washing of any vehicle; (3) use of water for dust control or outdoor cleaning uses; (4) use of outdoor drip irrigation or misting systems of any kind, except as otherwise provided herein; (5) use of water to fill swimming pools, spas, fountain, fish ponds, or ornamental water features; (6) all construction water; (7) restaurant or convenience store patrons shall be served water only on request; and, (8) any other water intensive activity. Under Stage 3 conditions the Water System is prohibited from supplying water to any standpipe and the installation of new water meters and new service lines is prohibited.

 **Water Augmentation:** Under Stage 3 conditions the Company will undertake reasonable measures to augment its well production until such time that Stage 2 conditions are achieved for forty-eight (48) consecutive hours. In all cases where the Company employs water augmentation the Water System's Water Augmentation Surcharge shall become applicable.

Notice: Under Stage 3 conditions the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 3 conditions, and a need to conserve water.

ISSUED:			EFFECTIVE:	
	Month Day Year			Month Day Year
		ISSUED BY: Robert T. Hardcastle		
		3101 State Road		
		Bakersfield, CA 93308		
		Decision No. 71902 (September 28, 2010)		

		Revised	SHEET NO.	
Payson Water Co., Inc.		Revised	SHEET NO	
Docket No. W-03514A-10-0116 et al.	Mesa Del Caballo Water System (PWS 04-030)			
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Restrictions: Under Stage 1 conditions the water system is deemed to be operating normally and no curtailment is necessary, except as follows: (a) no outside watering is permitted on Mondays; (b) outside water is permitted on Tuesdays, Thursdays, and Saturdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays, Fridays, and Sundays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or any form of irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m.

Water Augmentation: Under Stage 1 conditions, no water augmentation is required.

Notice: Under Stage 1 conditions, no notice is required.

Stage 2 Exists When:

Water System's storage level is less than 85% of capacity but more than 70% of capacity for at least forty-eight (48) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

Restrictions: Under Stage 2 conditions voluntary conservation measures should be employed by customers to reduce water consumption by at least 20% as measured on a daily use basis. Further water use restrictions shall include: (a) no outside watering is permitted on Monday's, Thursdays, and Fridays; (b) outside water is permitted on Tuesdays and Saturdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays and Sundays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or airborne irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m.

Water Augmentation: Under Stage 2 conditions, no water augmentation is required.

Notice: Under Stage 2 conditions the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 2 conditions, and a need to conserve water.

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intensive activity. Under Stage 4 conditions the Water System is prohibited from supplying water to any standpipe and the installation of new water meters and new service lines is prohibited.

Water Augmentation: Under Stage 4 conditions the Company will undertake reasonable measures to augment its well production until such time that Stage 3 conditions are achieved for forty-eight (48) consecutive hours. In all cases where the Company employs water augmentation the Water System's Water Augmentation Surcharge shall become applicable.

Notice: Under Stage 4 conditions the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 4 conditions, and a need to conserve water.

Enforcement: Once the Company has properly provided notice of Stage 4 conditions, the failure of a customer to comply with this Curtailment Plan within twenty-four (24) hours of receiving notice of its violation of this Curtailment Plan may result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2-410 (B)(1)(d). The reconnection fee for a violation of a Stage 4 curtailment notice shall be:

First offense:	\$400
Second offense: (see also Reconnection Fees Section)	\$750
Third offense:	\$1,500

If a customer believes their water service has been disconnected in error the customer may contact the Commission's Consumer Services Section at (800) 222-7000 to initiate further investigation.

Stage 5 Exists When:

Water System's storage level is less than 50% of capacity for at least twelve (12) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

Restrictions: Under Stage 5 conditions, **mandatory** conservation measures should be employed by customers to reduce water consumption; by at least 50% as measured on a daily use basis. Under Stage 5 conditions no outside watering is permitted. Under Stage 5 conditions the Company shall inform customers of the Water System's **mandatory** restriction to employ water conservation measures to

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	(Name of Service Area)			

Enforcement: Once the Company has properly provided notice of Stage 3 conditions, the failure of a customer to comply with this Curtailment Plan within twenty-four (24) hours of receiving notice of its violation of this Curtailment Plan may result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2-410 (B)(1)(d). The reconnection fee for a violation of a Stage 3 curtailment notice shall be:

First offense:	\$200
Second offense: (see also Reconnection Fees Section)	\$350
Third offense:	\$750

If a customer believes their water service has been disconnected in error, the customer may contact the Commission's Consumer Services Section at (800) 222-7000 to initiate further investigation.

Stage 4 Exists When:

Water System's storage level is less than 60% of capacity but more than 50% of capacity for at least twenty-four (24) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

Restrictions: Under Stage 4 conditions **mandatory** conservation measures should be employed by customers to reduce water consumption; by at least 40% as measured on a daily use basis. Further water use restrictions shall include: (a) no outside watering is permitted on Mondays, Thursdays, Fridays, and Sundays; (b) outside watering is permitted on Tuesdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or airborne irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m. Under Stage 4 conditions the Company shall inform customers of the Water System's **mandatory** restriction to employ water conservation measures to reduce daily water consumption by 40%. Failure of customers to comply with this requirement may result in service disconnection as described by this Curtailment Plan. Under Stage 4 conditions the following uses of water are strictly prohibited: (1) outdoor irrigation of lawns, trees, shrubs, or any plant life, except as otherwise provided herein; (2) washing of any vehicle; (3) use of water for dust control or outdoor cleaning uses; (4) use of outdoor drip irrigation or misting systems of any kind, except as otherwise provided herein; (5) use of water to fill swimming pools, spas, fountain, fish ponds, or ornamental water features; (6) all construction water; (7) restaurant or convenience store patrons shall be served water only on request; and, (8) any other water

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	(Name of Service Area)			

reduce daily consumption by 50%. Failure of customers to comply with this requirement may result in service disconnection as described by this Curtailment Plan. Under Stage 5 conditions the following uses of water are strictly prohibited: (1) all outdoor watering; (2) washing of any vehicle; (3) use of water for dust control or outdoor cleaning uses; (4) use of outdoor drip irrigation or misting systems of any kind; (5) use of water to fill swimming pools, spas, fountain, fish ponds, or ornamental water features; (6) all construction water; (7) restaurant or convenience store patrons shall be served water only on request; and, (8) any other water intensive activity. Under Stage 5 conditions the Water System is prohibited from supplying water to any standpipe and the installation of new water meters and new service lines is prohibited.

Water Augmentation: Under Stage 5 conditions the Company will undertake reasonable measures to augment its well production until such time that Stage 4 conditions are achieved for forty-eight (48) consecutive hours. In all cases where the Company employs water augmentation the Water System's Water Augmentation Surcharge shall become applicable.

Notice: Under Stage 5 conditions, the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 5 conditions, and a need to conserve water.

Enforcement: Once the Company has properly provided notice of Stage 5 conditions, the failure of a customer to comply with this Curtailment Plan within twelve (12) hours of receiving notice of its violation of this Curtailment Plan may result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2- 410(B)(1)(d). The reconnection fee for a violation of a Stage 5 curtailment notice shall be:

First offense:	\$800
Second offense: (see also Reconnect-ion Fees Section)	\$1,500
Third offense:	\$3,000

If a customer believes their water service has been disconnected in error the customer may contact the Commission's Consumer Services Section at (800) 222-7000 to initiate further investigation.

ISSUED:		EFFECTIVE:	
	Month Day Year		Month Day Year
		ISSUED BY: Robert T. Hardcastle	
		3101 State Road	
		Bakersfield, CA 93308	
		Decision No. 71902 (September 28, 2010)	

		Revised	SHEET NO.	
Payson Water Co., Inc.		Revised	SHEET NO	
Docket No. W-03514A-10-0116 et al.	Mesa Del Caballo Water System (PWS 04-030)			
	(Name of Service Area)			

CURTAILMENT PLAN FOR: PAYSON WATER CO., INC.

ADEQ Public Water System: Mesa Del Caballo (#04-030)

APPLICABILITY

Payson Water Company, Inc. (the "Company") is authorized by the Arizona Corporation Commission to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff. As needed, this tariff will be implemented by the Company for customers of the Mesa del Caballo water system ("Water System").

The curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of this tariff.

For the purposes of this curtailment plan the term "Peak Season" shall be defined as the period from May 1 through September 30 annually. The term "Off-Peak Season" shall be defined as all other periods not defined as Peak Season.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

EXEMPTIONS: Customers who use 4,000 gallons or less per month based on a twelve (12) month rolling average are exempt from the mandatory reduction in daily use requirements as outlined in Stage 3, Stage 4 and Stage 5 of this Tariff. This is because these customers are already leading a conservative water lifestyle, and mandatory percentage reductions will likely require the loss of use of water essential to health and safety. However, all other restrictions during mandatory conservation periods will still apply.

STAGES

Stage 1 Exists When:

Water System's storage level is 85% or more of capacity and there are no known problems with production or storage.

ISSUED:			EFFECTIVE:	
	Month Day Year			Month Day Year
		ISSUED BY: Robert T. Hardcastle		
		3101 State Road		
		Bakersfield, CA 93308		
		Decision No. 71902 (September 28, 2010)		

		Revised	SHEET NO.	
Payson Water Co., Inc.		Revised	SHEET NO.	
Docket No. W-03514A-10-0116 et al.	Mesa Del Caballo Water System (PWS 04-030)			
	(Name of Service Area)			

WATER AUGMENTATION SURCHARGE TARIFF

In Decision No. 71902 (September 28, 2010), the Arizona Corporation Commission approved an interim water augmentation surcharge tariff to address water shortage issues in conjunction with a revised curtailment tariff. During Stage 3, Stage 4, and Stage 5 of the curtailment plan, the permissible water consumption for each customer is to be calculated as outlined below:

WATER CONSUMPTION CALCULATION OF "DAILY USE"

For the purpose of calculating "daily use" under the Restriction section of Stage 2, Stage 3, Stage 4, and Stage 5 water conservation conditions, the following definition shall apply:

Daily use is determined by taking the customer water meter reading today and subtracting from the customer's meter reading yesterday. This daily use amount is multiplied by 30 days to obtain a calculated monthly use. This monthly use is then compared to the higher of: (a) the immediately preceding month's actual water consumption; or (b) water consumption for the same month in any one of the two previous years for the same service location, to determine if the customer reduced his/her water consumption by at least the required Stage's percentage. The water customer should reduce their daily water consumption from the higher monthly water consumption of either (a) or (b).

A customer who uses less than 4,000 gallons or less per month is EXEMPT from the mandatory reduction requirements set forth in the Curtailment Tariff.

Water Augmentation Surcharge

Applicability – This interim surcharge shall be in effect between May 1 and September 30 of each year, beginning in 2011, until the conclusion of Payson Water Company's next rate proceeding. It shall only apply to customers served on the Mesa Del Caballo water system.

Calculation – Each customer's monthly surcharge shall be calculated based on the company's prior month's water hauling costs, and compared to the customer's water usage during that particular month. The only costs recovered by the company through this interim surcharge will be the cost of water supply and transportation costs; there will be no administrative costs or profit component of this surcharge.

ISSUED:			EFFECTIVE:	
	Month Day Year			Month Day Year
		ISSUED BY: Robert T. Hardcastle		
		3101 State Road		
		Bakersfield, CA 93308		
		Decision No. 71902 (September 28, 2010)		

DOCKET NO. W-03514A-10-0116 ET AL.

1 requested intervention or requested that the proceeding be reconvened for the taking of additional
2 evidence. As a result, the record was closed and the matter taken under advisement.

3 53. Under the circumstances, we believe that the Company's application for approval of
4 an emergency water augmentation surcharge tariff and a revised Curtailment Tariff as set forth in
5 Exhibit "A" should be approved in order to insure that the Company's customers are able to be
6 provided with an adequate source of water in the event shortages occur on the system prior to the
7 Company developing a long-term solution to its water shortage problem. Additionally, we believe
8 that the Company should be permitted to file a minimal bond in the form of a \$100 cashier's check.

9 54. Because an allowance for the property tax expense of the Company is included in the
10 Company's rates and will be collected from its customers, the Commission seeks assurances from the
11 Company that any taxes collected from rate payers have been remitted to the appropriate taxing
12 authority. It has come to the Commission's attention that a number of Company's have been
13 unwilling or unable to fulfill their obligation to pay the taxes that were collected from rate payers,
14 some for as many as 20 years. It is reasonable, therefore, that as a preventive measure the Company
15 annually file, as part of its Annual Report, an affidavit with the Utilities Division attesting that the
16 Company is current in paying its property taxes in Arizona.

17 55. Since Mesa Del Caballo is outside of an Active Management Area, it will not be
18 required to comply with the conservation goals and management practices of the Arizona Department
19 of Water Resources ("ADWR"). In light of the need to conserve groundwater in Arizona, we believe
20 it is reasonable to require Mesa Del Caballo to address conservation and submit for Commission
21 approval within 120 days of the effective date of this Decision, at least five Best Management
22 Practices ("BMPs") (as outlined in ADWR's Modified Non-Per Capita Conservation Program). The
23 BMPs shall generally follow the template contained on the Commission's website. A maximum of
24 two of these BMPs may come from the "Public awareness/PR or Education and Training" categories
25 of the BMPs. The Company may request cost recovery of actual costs associated with the BMPs
26 implemented in its next rate case.

EXHIBIT "C"

MANDATORY MESA DEL CABALLO WATER CONSERVATION DAYS

ACC DECISION NO. 71902

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Water Storage							
Not applicable	Even Addresses	No watering	Odd Addresses	Even Addresses	Odd Addresses	Even Addresses	Odd Addresses
Less than 85% full	Even Addresses	No watering	Odd Addresses	Even Addresses	No watering	No watering	Odd Addresses
Less than 70% full	Even Addresses	No watering	Odd Addresses	Even Addresses	No watering	No watering	Odd Addresses
Less than 60% full	No watering	No watering	Odd Addresses	Even Addresses	No watering	No watering	No watering
Less than 50% full	No watering	No watering	No watering	No watering	No watering	No watering	No watering

May 1 to September 30: Watering ONLY 8 pm to 12 Midnight; and, 3 am to 7 am only days indicated above.

Prohibited Water Usage: Stage 3 through Stage 5

- (a) outdoor water except as shown on schedule above
- (b) washing vehicles of any kind
- (c) dust control or outdoor cleaning
- (d) outdoor drip or misting systems except as shown on schedule above
- (e) filling pools, ponds, all water features
- (f) construction water
- (g) retail customers served water only on request
- (h) ANY other water intensive activity

New meters or service connection prohibited on Stage 3, Stage 4, Stage 5.

Water Augmentation required Stage 3, Stage 4, Stage 5

Immediate disconnection permitted after Notice period expires

Customer Service Center (800) 270-6084

DOCKET NO. W-03514A-10-0116 ET AL.

TARIFF SCHEDULE

Utility: Payson Water Company, Inc.
Docket No. W-03514A-10-0117
Phone No.: _____

Tariff Sheet No.: 8 of 8
Decision No.: _____
Effective: _____

WATER CONSUMPTION CALCULATION OF "DAILY USE"

For the purpose of calculating "daily use" under the Restriction section of Stage 2, Stage 3, Stage 4, and Stage 5 water conservation conditions, the following definition shall apply:

Daily use is determined by taking the customer water meter reading today and subtracting from the customer's meter reading yesterday. This daily use amount is multiplied by 30 days to obtain a calculated monthly use. This monthly use is then compared to the higher of: (a) the immediately preceding month's actual water consumption, or (b) water consumption for the same month in any one of the two previous years for the same service location, to determine if the customer reduced his/her water consumption by at least the required Stage's percentage. The water customer should reduce their daily water consumption from the higher monthly water consumption of either (a) or (b).

Example: Customer meter reads 986654 today. Customer meter read 986354 yesterday. The difference in meter reads is 300 gallons for one day or 9000 gallons for 30 days. Customer actual use in the immediately preceding month was 7,000 (a) gallons. Customer's actual use in the same month in any one of the two previous years was 6,000 (b) gallons. Customer is in violation of Stage 3 mandatory water conservation conditions because his/her current "daily use" calculation is greater than his/her higher monthly use of (a) 7,000 gallons. Under Stage 3, the customer is required to reduce consumption by 30% of the 7000 gallons or 2,100 gallons, 7,000 - 2,100 is 4,900. So the customers daily use needs to be about 165 gallons per day.

DECISION NO. 71902

EXHIBIT "D"

DOCKET NO. W-03514A-10-0116 ET AL.


1 surcharge until March 31, 2010, because the Company wished to work with the MDWC and this
 2 required a number of meetings and discussions in order to come up with a plan upon which the
 3 parties agreed.

4 25. According to Mr. Hardcastle, MDWC was actively involved in the preparation, review
 5 and drafting of the Company's proposed revisions to its Curtailment Tariff.


6 26. Although the Company had proposed changes to the original Curtailment Tariff
 7 approved in Decision No. 67821 which were more stringent than those originally approved by the
 8 Commission, after meeting and working with Staff and MDWC after the hearing on June 2, 2010, the
 9 Company filed a late-filed exhibit which contains revisions to its proposed Curtailment Tariff for its
 10 MDC System, and which addresses the concerns raised by Staff in its report and discussed during the
 11 hearing. A copy of the amended Curtailment Tariff is marked Exhibit "A," attached hereto, and
 12 incorporated herein by reference.

13 27. The amended Curtailment Tariff for the MDC System that was filed by the Company
 14 incorporates modifications and addresses the parties' concerns as follows:

15 • Customers who use 4,000 gallons per month or less based on a 12-month
 16 rolling average are exempt from the mandatory reduction in daily use
 17 requirements triggered in Stages 3, 4 or 5 of any curtailment. The purpose of
 18 this exemption is that customers using 4,000 gallons per month or less are
 19 more likely to have already utilized water conservation measures, and a further
 20 reduction in water use is likely to impact basic water needs.

21  Specific prohibitions against indoor water use have been eliminated. This
 22 addresses Staff's concerns about mandatory reductions in basic water use
 23 needs for the continued health and safety of customers.

24 The requirement that a customer must face automatic fines and penalties for
 25 violation of the Curtailment Tariff has been changed to provide the Company
 26 flexibility in determining whether such fines and penalties are warranted. This
 27 addresses Staff's concerns that a violation of the Curtailment Tariff might be
 28 the result of a water leak, or something else beyond the customer's control,
 making an automatic assessment of fines and penalties unwarranted in certain
 circumstances.

29  The definition of 'daily use' has been modified. Under the newly proposed
 language, percentage reductions (based on the applicable Stage) are taken from
 the higher of: (a) the immediately preceding month's actual water
 consumption, or (b) water consumption for the same month in any one of the
 two previous years for the same service location. This language was inserted to
 address Staff's concern over the possible confusion a customer might have
 over the 'daily use' calculation, as well as the potential inequity if applied to
 seasonal use customers. The example provided has also been clarified.

7
 DECISION NO. 71902

EXHIBIT "E"



**BROOKE
UTILITIES, INC.**

P.O. BOX 82218 BAKERSFIELD, CA 93380
CUSTOMER SERVICE CENTER 800-270-6084
FAX 800-748-6981

BROOKE WATER, LLC CIRCLE CITY WATER, LLC NAVAJO WATER CO. INC. PAYSON WATER CO. INC.
PINE WATER CO. INC. STRAWBERRY WATER CO. INC. TONTO BASIN WATER CO.

JOANNA HUTCHISON
c/o ALAN SMITH
8166 BARRANCA
PAYSON, AZ 85541



Statement

ACCOUNT INFORMATION

Account Number:	61138-24899
Statement #:	268672
Bill Date:	04/22/2011
Due Date:	05/07/2011

Service Address: MESA L442

Zone: 13-MDC

SPECIAL MESSAGE

"When we receive your check you authorize us to withdraw funds on the same day we receive payment". Unresolved billing disputes ACC-800-222-7000.

METER READINGS

SERVICE DATES	03/16/2011 - 04/16/2011
METER NUMBER	66247806
CURRENT READ	259,280
PREVIOUS READ	254,740
GALLONS USED	4,540

Bill Date: April 22, 2011
Past Due: May 07, 2011
Disconnection Date: May 17, 2011

ACCOUNT ACTIVITY

Previous Balance	48.77
Payment - Thank you!	-25.01
Payment - Thank you!	-23.76
Service Charge 5/8 x 3/4" Meter	16.00
Commodity Charge (4000.00 @ 0.00193)	7.72
Commodity Charge (540.00 @ 0.00299)	1.61
Gila County & AZ state tax	1.93
Commodity Tax / Usage tax	0.03
Total Amount Due	27.29

PAID

MAY 17 2011

BROOKE UTILITIES

IMPORTANT NEW PROCESS NOTICE REGARDING NOTICE OF DISCONNECTION

AVOID DISCONNECTION FOR NON-PAYMENT

Your water bill has been rendered in accordance with A.A.C. R14-2-409. Accordingly, your bill is DUE AND PAYABLE UPON RECEIPT and is considered PAST DUE (see date above) if not paid within 15 days of the BILL DATE shown above. Pursuant to A.A.C. R14-2-410(E), if this water bill remains unpaid 25 days following the BILL DATE, this water bill will serve as written notice that your service will be disconnected on or after the DISCONNECTION DATE shown above. No further disconnection notice will be sent to you. Reconnection of your water service may be subject to additional fees and penalties as provided by the Company's tariffs and as approved by the Arizona Corporation Commission. Please avoid disconnection and additional fees by timely paying your water bill. If you have further questions please contact our Customer Service Center at (800) 270-6084.

KEEP THIS PORTION FOR YOUR RECORDS

EXHIBIT "F"



**BROOKE
UTILITIES, INC.**

PO BOX 82218 BAKERSFIELD, CA 93380
CUSTOMER SERVICE CENTER 800-270-6084
FAX 800-748-6981

BRACKEN WATER, LLC CIRCLE CITY WATER, LLC NAVAJO WATER CO, INC. PAYSON WATER CO, INC.
PINE WATER CO, INC. STRAWBERRY WATER CO, INC. TONTO BASIN WATER CO

JOANNA HUTCHISON
c/o ALAN SMITH
8166 BARRANCA
PAYSON, AZ 85541



Statement

ACCOUNT INFORMATION	
Account Number:	61138-24899
Statement #:	273437
Bill Date:	05/20/2011
Due Date:	06/04/2011
Service Address: MESA L442	
Zone: 13-MDC	
SPECIAL MESSAGE "When we receive your check you authorize us to withdraw funds on the same day we receive payment". Unresolved billing disputes ACC-800-222-7000.	

METER READINGS	
SERVICE DATES	04/16/2011 - 05/16/2011
METER NUMBER	66247806
CURRENT READ	267,340
PREVIOUS READ	259,280
GALLONS USED	8,060

Bill Date: May 20, 2011
Past Due: June 04, 2011
Disconnection Date: June 14, 2011

ACCOUNT ACTIVITY	
Previous Balance	27.29
Late Fee	0.41
Service Charge 5/8 x 3/4" Meter	7.74
Commodity Charge (1935.48 @ 0.00193)	3.74
Commodity Charge (1964.51 @ 0.00299)	5.87
Service Charge 5/8 x 3/4" Meter	8.26
Commodity Charge (2064.52 @ 0.00193)	3.98
Commodity Charge (2095.49 @ 0.00299)	6.27
Gila County & AZ state tax	2.73
Commodity Tax / Usage tax	0.05
Total Amount Due	66.34

IMPORTANT NEW PROCESS NOTICE REGARDING NOTICE OF DISCONNECTION

AVOID DISCONNECTION FOR NON-PAYMENT

Your water bill has been rendered in accordance with A.A.C. R14-2-409. Accordingly, your bill is DUE AND PAYABLE UPON RECEIPT and is considered PAST DUE (see date above) if not paid within 15 days of the BILL DATE shown above. Pursuant to A.A.C. R14-2-410(E), if this water bill remains unpaid 25 days following the BILL DATE, this water bill will serve as written notice that your service will be disconnected on or after the DISCONNECTION DATE shown above. No further disconnection notice will be sent to you. Reconnection of your water service may be subject to additional fees and penalties as provided by the Company's tariffs and as approved by the Arizona Corporation Commission. Please avoid disconnection and additional fees by timely paying your water bill. If you have further questions please contact our Customer Service Center at (800) 270-6084.

KEEP THIS PORTION FOR YOUR RECORD

Please include your account number on your check
Make check payable to: Brooke Utilities, Inc.

Payment Coupon

Service Address: MESA L442

JOANNA HUTCHISON
c/o ALAN SMITH
8166 BARRANCA
PAYSON, AZ 85541

Bill is due and payable when rendered and delinquent after the due date.
For any previous balance that is overdue a delinquent charge is assessed and this location is subject to disconnect.

DETACH AND RETURN THIS REMITTANCE PORTION OF THE BILL WITH YOUR PAYMENT			
PAST DUE CHARGES	CURRENT CHARGES	TOTAL DUE	AMOUNT ENCLOSED
27.29	39.05	66.34	
		Check Number	

Account Number: 61138-24
Statement #: 273437
Bill Date: 05/20/11
Due Date: 06/04/11

Please Remit To: Brooke Utilities, Inc.
PO Box 82218
Bakersfield, CA 93380-2218

EXHIBIT "G"



BROOKE UTILITIES, INC.

P.O. BOX 82218 BAKERSFIELD, CA 93380
CUSTOMER SERVICE CENTER 800-270-6084
FAX 800-748-6981

BROOKE WATER, LLC CIRCLE CITY WATER, LLC NAVAJO WATER CO. INC. PAYSON WATER CO. INC.
PINE WATER CO. INC. STRAWBERRY WATER CO. INC. TONTO BASIN WATER CO.

JOANNA HUTCHISON
c/o ALAN SMITH
8166 BARRANCA
PAYSON, AZ 85541



Statement

ACCOUNT INFORMATION

Account Number:	61138-24899
Statement #:	278331
Bill Date:	06/22/2011
Due Date:	07/07/2011

Service Address: MESA L442

Zone: 13-MDC

SPECIAL MESSAGE

"When we receive your check you authorize us to withdraw funds on the same day we receive payment". Unresolved billing disputes ACC-800-222-7000.

METER READINGS

SERVICE DATES	05/16/2011 - 06/16/2011
METER NUMBER	66247806
CURRENT READ	264,090
PREVIOUS READ	267,340
GALLONS USED	(3,250)

Bill Date: June 22, 2011
Past Due: July 07, 2011
Disconnection Date: July 17, 2011

ACCOUNT ACTIVITY

Previous Balance	66.34
Payment - Thank you!	-27.29
Payment - Thank you!	-225.10
Mesa del Cab. Reconnection Fee	200.00
Service Charge 5/8 x 3/4" Meter	16.00
Commodity Charge (-3250.00 @ 0.00193)	-6.27
Gila County & AZ state tax	0.74
Commodity Tax / Usage tax	-0.02
Total Amount Due	24.40

IMPORTANT NEW PROCESS NOTICE REGARDING NOTICE OF DISCONNECTION

AVOID DISCONNECTION FOR NON-PAYMENT

Your water bill has been rendered in accordance with A.A.C. R14-2-409. Accordingly, your bill is DUE AND PAYABLE UPON RECEIPT and is considered PAST DUE (see date above) if not paid within 15 days of the BILL DATE shown above. Pursuant to A.A.C. R14-2-410(E), if this water bill remains unpaid 25 days following the BILL DATE, this water bill will serve as written notice that your service will be disconnected on or after the DISCONNECTION DATE shown above. No further disconnection notice will be sent to you. Reconnection of your water service may be subject to additional fees and penalties as provided by the Company's tariffs and as approved by the Arizona Corporation Commission. Please avoid disconnection and additional fees by timely paying your water bill. If you have further questions please contact our Customer Service Center at (800) 270-6084.

KEEP THIS PORTION FOR YOUR RECORDS

Please include your account number on your check
Make check payable to: Brooke Utilities, Inc.

Payment Coupon

Service Address: MESA L442

JOANNA HUTCHISON
c/o ALAN SMITH
8166 BARRANCA
PAYSON, AZ 85541

DETACH AND RETURN THIS REMITTANCE PORTION OF THE BILL WITH YOUR PAYMENT

PAST DUE CHARGES	CURRENT CHARGES	TOTAL DUE	AMOUNT ENCLOSED
-186.05	210.45	24.40	
		Check Number	

Account Number: 61138-24899
Statement #: 278331
Bill Date: 06/22/2011
Due Date: 07/07/2011

Please Remit To:

Brooke Utilities, Inc.
PO Box 82218
Bakersfield, CA 93380-2218

Bill is due and payable when rendered and delinquent after the due date.
For any previous balance that is overdue a delinquent charge is assessed and this location is subject to disconnect.



EXHIBIT "J"

TOWN OF PAYSON WATER DEPARTMENT Customer Maintenance - Master View

Date : 1/9/2012 10:09:52 AM

User Name : CGildroy

Account Number : 00009634

Home Phone : (928) 476-2500 x

Class : Bulk

Address : 1010 S STOVER ROAD

PAYSON, AZ 85541

Customer Name : PAYSON WATER COMPANY (BROOKE UTIL)

Work Phone : (928) 231-2035 x

Billing Status :

Status

Billing Type

Billing Cycle

: Active

: Normal

: Normal

Service Location : <All>

Description	12/1/2011	11/1/2011	10/1/2011	9/1/2011	8/1/2011	7/1/2011	6/1/2011	5/1/2011	4/1/2011	3/1/2011	2/1/2011	1/1/2011	12/1/2010	11/1/2010
Charges														
26.30	26.30	26.30	260.15	1,332.53	855.86	1,221.59	863.77	23.82	23.82	23.82	743.84	656.86	23.82	23.82
Payments														
26.30	26.30	260.15	1,332.53	855.86	1,221.59	863.77	23.82	23.82	23.82	743.84	656.86	23.82	23.82	399.86
Service - Service Usage														
0	0	0	42,100	206,500	134,200	189,700	135,400	0	0	0	117,200	104,000	0	0

Page 12

TOTAL CONSUMPTION	1,234,320
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Water Hauling Costs:

Water Hauling Period	Vendor	Invoice	Date	Amount
05/23/2011 - 6/23/2011				
06/07/2011 - 6/08/2011				
06/07/2011 - 6/08/2011				
06/29/2011 - 6/30/2011				
07/03/2011 - 7/03/2011				
06/19/2011 - 6/20/2011				
06/24/2011 - 6/24/2011				

TOTAL Water Hauling Costs:	\$16,763.77
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Calculation:

<u>Total Costs</u>	Dollars	<u>\$16,764</u>	=	\$0.0136
Consumption	Gallons	1,234,320		per gallon

READ00000331294	68706	7/16/2011	6,560	501000090
READ00000331363	68723	7/16/2011	910	42482304
READ00000331184	68740	7/16/2011	2,890	53382651
READ00000331331	68876	7/16/2011	1,160	33345831
READ00000331367	68976	7/16/2011	4,070	5010100063
READ00000331394	69059	7/16/2011	2,910	27786349
READ00000331348	69131	7/16/2011	2,150	53382562
READ00000331146	69158	7/16/2011	1,860	64764212
READ00000331066	69200	7/16/2011	6,340	28827318-5
READ00000331267	69240	7/16/2011	2,880	62070065-7
READ00000331341	69247	7/16/2011	1,110	U35513683
READ00000331081	69316	7/16/2011	2,940	65758919-2
READ00000331227	69447	7/16/2011	2,420	34095767
READ00000331250	69489	7/16/2011	2,310	55649559
READ00000331298	69507	7/16/2011	1,060	69564128
READ00000331118	69517	7/16/2011	2,250	87009747
READ00000331409	69656	7/16/2011	1,500	53382575
READ00000331194	69809	7/16/2011	3,320	27574970
READ00000331092	69830	7/16/2011	1,040	55649527
READ00000331237	69850	7/16/2011	3,370	32868524
READ00000331404	69873	7/16/2011	1,210	67491756
READ00000331259	69880	7/16/2011	200	87009726-3
READ00000331195	69881	7/16/2011	12,470	31122128
READ00000331262	69961	7/16/2011	10	35885168
READ00000331076	69963	7/16/2011	3,260	28702373
TOTAL CONSUMPTION			1,234,320	

Water Hauling Costs:

Water Hauling Period	Vendor	Invoice	Date	Amount
05/23/2011 - 06/23/2011	Payson Water D.	Acc# 9634	6/29/2011	\$863.77
06/07/2011 - 06/08/2011	Pearson Water	8803	6/13/2011	\$2,250.00
06/07/2011 - 06/08/2011	Pearson Water	8811	7/14/2011	\$1,050.00
06/29/2011 - 06/30/2011	Pearson Water	8812	7/14/2011	\$3,150.00
07/03/2011 - 07/03/2011	Pearson Water	8808	7/7/2011	\$3,000.00
06/19/2011 - 06/20/2011	Pearson Water	8804	6/21/2011	\$3,600.00
06/24/2011 - 06/24/2011	Pearson Water	8807	6/30/2011	\$2,850.00
TOTAL Water Hauling Costs:				\$16,763.77

Calculation:

Total Costs	Dollars	\$16,764	=	\$0.0136
Consumption	Gallons	1,234,320		

TOTAL CONSUMPTION

1,284,670

Water Hauling Costs:

Water Hauling Period	Vendor	Invoice	Date	Amount
----------------------	--------	---------	------	--------

06/23/2011 - 7/22/ 2011				
----------------------------	--	--	--	--

08/11/2011 - 8/12/ 2011				
----------------------------	--	--	--	--

08/04/2011 - 8/05/ 2011				
----------------------------	--	--	--	--

TOTAL Water Hauling Costs:

\$7,650.00

Calculation:

Total Costs

Dollars

\$7,650

=

\$0.00595484

Consumption

Gallons

1,284,670

1
gall

Appendix "A"

APPENDIX A

The Letter from Brooke Utilities Dated November 3, 2010 specifically, the second to the last paragraph in part states, "This Tariff provides for Payson Water Co.'s recovery of its costs related to water hauling and allows the charging of water hauling costs to customers on a proportional basis." (i.e. RATIO) furthermore, Decision 71902 references Item 51 and 53 of that decision and strict compliance therewith. What is the ratio of hauled water to total consumption in any given period (month to month)? Simple math, divide the total water hauled by the total consumption for that month to get the ratio of hauled water to water consumed.

Also, please reference "Emergency Interim Water Augmentation Surcharge Tariff" (Decision NO. 71902 Exhibit B) the last paragraph which states: "**Calculation**—Each customer's monthly surcharge shall be calculated based on the company's **prior month's water hauling costs** and **COMPARED to the customer's water usage during that particular month.** The only costs recovered by the company through this interim surcharge **will be the cost of the water supply and transportation costs;** there will be no administrative costs or profit of this surcharge."

The calculations particularly used by Payson Water Co. Inc./Brooke Utilities Inc. (PWC/BU) to determine the amount to be charged to the customer for a Water Augmentation Surcharge, **are not "PROPORTIONAL,"** and **do not "COMPARE"** the prior month's water hauling costs to the Customer's water usage during that particular month.

For the alleged billing period June-July 2011, PWC/BU combined the total hauling costs for a **TWO MONTH PERIOD**, i.e. May-June 2011 & June-July 2011. These costs to haul do not correspond with the amount of water alleged purchased 135,400 gal. and the costs of hauling. The total amount purchased for the period May-July 2011 is in fact 325,100 gal. However, Customers were billed for larger amounts of water hauled that was not hauled to the System and that they did not use or consume (See: PWC Spreadsheets Exhibit J).

PWC/BU took the total cost of water purchased for one month and the total cost of hauling for two months and then divided that cost by the total consumption of 1,234,320 gal. from the June-July period to come up with its figure of \$.0136/gallon. (See: Exhibit J). That is incorrect. It is not the proper proportional figure. It is not a comparison of hauled water to consumed water for the entire period May-July 2011.

PWC/BU left out the cost (\$1,221.59) of the 189,700 gal. purchased from the TOP Water Dept. and hauled during the June-July 2011 period and further left out the total consumption for the period May-June 2011 for factoring the proper portion of hauled water to consumed water.

The Company COOKED ITS BOOKS to make up for the billings they messed up on for the May-June 2011 period and added in the hauling of water to locations other than Mesa del Caballo.

The Company knows the surcharge is not retroactive, that they screwed up and that in order to recover losses they had to cook the books and the math to get that money back and then some to make a profit and cover costs to haul water to other systems. Reference Exhibit J, PWC/BU Water Augmentation Charges Calculation TOP Records of billing and follow along with the following:

According to Martin of Martin's Trucking Service who Complainant J. Stephen Gehring, interviewed, and TOP Water Department (TOPWD) Records the following figures accurately apply:

Potable Tanker Capacity: 6,000 gal.
TOPWD Charges: \$6.40/1,000 gal. or
\$38.40 per 6,000 gallons.

Rate: \$125.00/hr. 1.5 hour. Per "Turn Around
Time," 1 round trip cost to haul **\$187.50.**

COST OF HAULING:

HAULING PERIOD MAY-JUNE 2011

Total Consumption: *Refused to Disclose*
Water purchased: TOPWD = 135,400 gal.
Billed: June 1, 2011 for \$863.77
Hauling Period Invoices:
8803, 8804 and 8811, alleged cost **\$6,900.00.**
No. of Trips to haul 135,400 gal: 22
Actual Cost to haul 135,400 gal. = \$4,125.00
Difference/Profit = \$2,775.00.

HAULING PERIOD JULY - AUGUST 2011

Total Consumption: 1,284,670 gallons
Water purchased: TOPWD = 134,200 gal.
Billed: August 1, 2011 for \$855.86
Hauling Period Invoices: No Invoices were
given, only the dates 8/11, 8/12, 8/4 & 8/5.
The Dollar amount alleged is **\$7,650.00.**
No. of Trips to haul 134,200 gal: 22
Alleged Hauling Cost: \$6,794.14
Actual Cost to haul 134,200 gal. = \$4,125.00
Difference/Profit: \$2,669.14 or the
Cost to haul 84,000 gallon of Water.

AMOUNT REVISED FROM 134,200 to 144,200 gal.

Cost of 144,200 gal: TOPWD = \$921.17
No. of Trips to haul 144,200 gal: 24
Alleged Hauling Cost: \$6,728.83
Actual Cost to haul 144,200 gal. = \$4,500.00
Difference/Profit: \$2,228.83 or the
Cost to haul 72,000 gallons of Water.

HAULING PERIOD JUNE-JULY 2011

Total Consumption: 1,234,320 gal.
Water purchased, TOPWD = 189,700 gal.
Billed: July 1, 2011 for \$1,221.59
Hauling Period Invoices:
8807, 8808, 8812, alleged cost **\$9,000.00**
No. of Trips to haul 189,700 gal: 32
Actual Cost to haul 189,700 gal. = \$6,000.00
Difference/Profit = \$3,000.00

HAULING PERIOD AUGUST- SEPT. 2011

Water Purchased: 206,500 gal.
Billed: September 1, 2011 for \$1,332.53
No other Information

HAULING PERIOD SEPT. - OCTOBER 2011

Water Purchased: 42,100 gal.
Billed: September 1, 2011 for \$260.15
No other Information

19) The Town of Payson (TOP) Water Department billed PWC/BU on the following dates for the following amounts of water purchased (See: Attached Exhibit J):

- a. June 1, 2011: \$863.77 for the purchase of 135,400 gallons of water;
- b. July 1, 2011: \$1,221.59 for the purchase of 189,700 gallons of water;
- c. August 1, 2011: \$855.86 for the purchase of 134,400 gallons of water;
- d. September 1, 2011: \$1,332.53 for the purchase 206,500 gallons of water;
- e. October 1, 2011: \$260.15 for the purchase of 42,100 gallons of water,

According to the PWC/BU spreadsheet (Exhibit J) the alleged cost of hauling (135,400 gal.) for June-July 2011 is \$15,900.00. If that is true, then $\$15,900.00 \div 135,400 =$ a cost per gallon to haul of \$.117/gal. or \$117.00 per 1000 gal. or \$702.00 per 6,000 gal.

The cost of $\$15,900.00 \div 187.50 = 85$ round trips with a 6,000 gallon tanker. Therefore, 85 round trips consisting of 6,000 gallons each, is equal to 510,000 gal.?

If, PWC/BU hauled only 135,400 gal. to Mesa del Caballo there is a huge difference of 374,600 gallons in hauling costs. So where did the other 374,600 gallons come from and where did it go?

If, PWC/BU hauled 325,100 gal. to Mesa del Caballo there a difference of 184,900 gal. So where did the other 184,900 gallons come from and where did it go?

Why did the Customers of the Mesa del Caballo System pay for water and hauling they did not receive? Why were the Customers of Mesa del Caballo charged for hauling 510,000 gal. when, in fact PWC/BU alleges to have hauled only 135,400 gal. in the June-July hauling period?

It is known that PWC/BU during that same time period was hauling water to E. Verde Park.

Why did the TOP Water Dept. bill PWC/BU for 325,100 gal., during the May-June and June-July period if in fact, PWC/BU hauled 510,000 gal?

Each and every Customer, including the Complainants were billed fraudulently for water, water hauling and commodity taxes.

EXPLANATION OF CALCULATIONS FOR WATER AUGMENTATION SURCHARGE AND TAXE ERRORS

First: The water purchased by PWC/BU to augment the system was taxed by the Town of Payson in their bill to PWC/BU. TOP did not wholesale the water to PWC. Yet, PWC has a retail sales tax license.

The Customer was taxed for the hauled water again in the regular monthly commodity charges and taxed again on the Water Augmentation Surcharge for a total of 3 taxations on the same product, water purchased and hauled. That is excessive taxation or at the very least TAX FRAUD.

Second: The Customer was taxed for his usage on the regular monthly commodity charges and taxed again by the Water Augmentation Surcharge for a total of 2 taxations on his usage. Double charged for the water (commodity) double taxed? You can't tax the Consumer two or three times for the same item received only once.

The Customer lawfully paid once for the total amount of water consumed and unlawfully again in a fraudulent billing practice as if he had purchased twice the amount of water stated in his monthly bill.

Errors in PWC/Brooke Calculations:

Since we do not have the total amount of water consumed/used by all Customers for the period May-June 2011, because PWC/BU refuses to disclose that figure it would be frivolous to use those

figures, invoices etc. to prove the point. Those figures are mute until PWC/BU will verify those figures that have been intentionally hidden for personal purposes.

All of PWC/BU figures for water and hauling costs for the period of May-June 2011 should not be used for the June-July 2011 billing cycle because they are incomplete, altered and cannot be verified or used to retroactively charge the customer.

However, if the ACC is allowing PWC/BU to go back to the May-June 2011 period then all of the figures should be disclosed and included and not just the ones selected by PWC/BU.

According to the PWC/Brooke Spreadsheet for the Billing Period June-July 2011, (Exhibit J) the following facts apply to the Water Augmentation Surcharge for that period PWC/BU claims:

- a. The total cost of water purchased from TOP is \$863.77 (i.e. 135,400 gal.);
- b. That it Cost \$15,900.00 to haul 135,400 gal;
- c. That the total cost to purchase and haul 135,400 gal. of water is \$16,763.77; and that,
- d. Customers consumed 1,234,320 gallons during this period;

PWC/BU determined that $\$16,764.00 \div 1,234,320 \text{ gal.}$ equals a "proper proportional ratio" of \$.0136/gal. rated against the total water consumed.

According to PWC/BU it cost, $\$15,900.00 \div 135,400 \text{ gal.} = \$.1174/ \text{ gal.}$ to haul 135,400 gal. of water where in fact and in reality it cost \$.0304/gal. to haul 135,400 gal.

PWC/BU must provide the total consumption/usage for the May-June 2011 period. PWC/BU has the figures. Approximately 10% of his Customers including the Complainants persisted in obtaining there April-May and May-June bills.

Invoices: 8803, 8804 and 8811, allege hauling costs of **\$6,900.00** that may apply in some degree to the 135,400 gal. purchased and hauled during the May-June 2011 period. They are intentionally out of sequence to confuse and mislead.

The Number of round trips to haul the 135,400 gal. with a 6,000 gal. tanker is **22**. The Actual Cost to haul 135,400 gal. **is in fact \$4,125.00** not \$6,900.00

Invoices: 8807, 8808, 8812 allege hauling cost of **\$9,000.00** are the only invoices that may apply in some degree to the 189,700 gal. purchased and hauled.

The Number of round trips to haul 189,700 gal. with a 6,000 gal. tanker is **32**. The Actual Cost to haul 189,700 gal. **is in fact \$6,000.00** not \$9,000.00.

Conclusion: Either PWC/BU padded the hauling costs or hauled water from some undisclosed location to another undisclosed location and charged its Mesa del Caballo Customers and these Complainants for those extra hauling costs in a Consumer Fraud and Tax Fraud Scheme for Unjust Enrichment.

APPENDIX "B"

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Fwd: Mesa Del Caballo figures & calculations July - August Bills

Inbox X

Kathryn Marquoit kmarquoit@azoca.gov [show details](#) 1:52 PM (3 hours ago)

Please see attached.

Kathryn Marquoit
Assistant Ombudsman for Public Access
3737 North 7th Street Ste 209
Phoenix, AZ 85014
P: [602.285.9136](tel:602.285.9136)
F: [602.277.7312](tel:602.277.7312)

----- Original Message -----

Subject: Mesa Del Caballo figures & calculations July - August Bills

Date: Fri, 2 Sep 2011 10:18:22 -0700

From: Connie Walczak <CWalczak@azcc.gov>

To: <kmarquoit@azoca.gov>

Hi Katherine,

Attached are the calculations for the June and July bills that we discussed today calculation is: Total gallons consumed (1,234,320) divided by the total cost of h billing period (\$16,763.77), which equals amount per gallon that is billed to each their gallons used during that billing period (July).

Our office is providing the hauling dates only when a customer requests them. reviewed the consumed and hauling calculations and find them to be correct for August Agumentation Surcharges.

If you have any additional questions, please give me a call or email me.

Thanks,

Connie

<<MdC calulation June - JULY BL.doc>> <<MdC - calculation for July-AUG BL.c



James Smith <jsjsaz@gmail.com>

water hauling

1 message

James Smith <jsjsaz@gmail.com>**Fri, Oct 7, 2011 at 1:50 PM****To:** cwalczak@azcc.gov

I also have been doing some fact checks my self. Mr. Hardcastle at a water meeting said that the water truck holds 6,000 gallons. i have little knowledge of what the total amount hauled in each month is. So here is some math.
The trucking company charges 187.00 an hour this is what the driver said. I know that it takes about an hour for the round trip i know this because I live about 50 yards from the delivery point and have timed the loads.

So lets say there are 24 loads@ 6,000 gallons that equals 144,000
the cost per each load at 187.00 per hour plus the cost of the water. The water costs .06 x 6,000 is a total of 36.00
So 187 plus 36 = 223.00 per load. 223.00 perload x 24 loads = 5,352.00 dollars.
So you show the invoice for 16,723.77 @ this rate what is the cost per load to equal 16, 723.77.
16,723.77 divided by 24 = 696.82. That means to haul 144,000 gallons at 24 loads would be 696.82.

So lets say there were 34 loads@ 6,000 gallons = 204,000 gallons using the same formula 223.00 perload. = 7,582.00
So how much would it cost at 34 loads to total 16,723.77= 491.87.

No matter how you slice this, the math does not lie the cost to haul water per load for 144,000 gallons or 204,000 gallons is beyound reasonable. And no matter how you look at this the math does not lie. If there is a total consumption of 1,000,000 plus in order to haul that @ 6,000 gallons per load it does not match with the hauled gallons. 204,000 gallons or 144,000 gallons does not equal 1,000,000 plus gallons.

This is not rocket math equations. There is one total to haul each load. So when you get some time please send me the manifest or the hauling tickets that shows that the water company hauled 1,234,320 gallons which is 208 loads@ 6000 gallons = 1,248,000 and then the ACC can verify for me that the company hauled 1,234,320 otherwise there is no reason to use the total consumption. Math does not lie.

What should be charged is the hauled water 144,000 gallons or however many loads the truck hauled and this is what the payments should be charged for.

Thank You
Alan Smith
8166 barranca rd
Mesa Del Caballo

**WELL PRODUCTION CAPACITY (GPM) FOR ALL WATER SOURCES WITHIN
THE PWC, MDC SYSTEM GEOGRAPHICAL BOUNDARIES ACCORDING TO 2010
COMPANY PROVIDED & ADWR WELL PRODUCTION REPORTS**

Well No.	Depth	Owner	Water Level	Pump Yield (gpm)	Yield Gal. per hr.	Yield Gal. per day	Yield Gal. per Month	
55-631112* WSA**	220	PWC/ Joseph Mayer & Kristy L. River 8175 W. Barranca RD.	134	2 gpm	120	2,880	86,400	1
55-556148*	400	PWC at end of Barranca Rd. easement	227	13 gpm	780	18,720	561,600	2
55-513409*	500	PWC	150	3.4 gpm	204	4,896	146,880	3
55-500270*	500	PWC	146	4 gpm	240	5,760	172,800	4
55-585747 WSA	400	Brooke Utilities/El Caballo Club 302-34-422F behind FD Tract A Plat 5	155	1 gpm	60	1,440	43,200	5
55-801698*	400	PWC Tract E Well Not in Service	120	0 gpm	Has 7 gpm	Capacity but not	In service WHY?	6
55-631113*	565	PWC Tract E	120	5 gpm	300	7,200	216,000	7
55-531101	400	United Utilities, MDC E. Barranca Rd.	177	5 gpm	300	7,200	216,000	8
55-560398 WSA	440	Patti Caldwell/Brooke Utilities (Assr. #302-34-313)	198	1 gpm	60	1,440	43,200	9
55-553798 WSA	360	Lisa Harmon (Assr. #302-34-185)		10 gpm	600	14,400	432,000	10
55-558590 WSA	300	R. Norman (Assr. #302-34-50)		1 gpm	60	1,440	43,200	11
Total	Well	Production 2010 per	Minute	45.4				
Total	Well	Production 2010 per	Hour		2,724			
Total	Well	Production 2010 per	Day			65,376		
Total	Well	Production 2010 per	Month				1,961,280	

(*) Indicates Six (6) of the Seven (7) Wells Inspected by ADEQ according to the 2010 Report and does not include wells (55-801699, 55-631111 and 55-588967) located outside the geographical boundaries of the Mesa del Caballo system.

(**) WSA = Water Sharing Agreement with PWC/BU.

(NOTE: ADEQ Report incorrectly listed well No. 55-513409 as 55-523409 a well registered to James Warmer in Yavapi County)

If 345 Customers used an average of 4,000 gallons each per month that would equal 1,380,000 gallons in production.

Sheet1

Month	Customers	Gallons sold	Monthly Avg	Daily Use	Mesa Del Caballo/PWC
January	371	1489	4031.47	134.37	
February	369	901	2441.73	81.39	
March	367	954	2599.45	86.65	
April	364	1325	3640.11	121.33	
May	363	1301	3584.02	118.26	
June	365	1164	3189.04	106.3	
July	365	1401	3838.36	127.95	
August	369	1391	3769.65	125.63	
September	371	1381	3722.37	124.08	
October	370	1185	3194.07	106.47	
November	369	1124	3046.07	101.54	
December	367	1179	3180.02	106.25	

In Thousands

Termination with Notice R 14-2-410.C

Mesa Del Caballo/PWC

January	1	\$200.00
February	1	\$200.00
March	3	\$600.00
April	4	\$800.00
May	7	\$1,400.00
June	4	\$800.00
July	4	\$800.00
August	2	\$400.00
September	4	\$800.00
October	4	\$800.00
November	2	\$400.00
December	1	\$200.00

Total	37	Total	\$7,400.00
-------	----	-------	------------

PWC 9 water systems

% of Disconnections

Geronimo Estate's	8	10.00%
East Verde Estate's	11	13.27%
Star Valley	20	33.00%
Deer Creek	11	11.50%
Mead's Ranch	10	6.90%
Mesa Del Caballo	37	9.80%
Whispering Pine's	15	10.13%
Flowing Spring's	8	3.50%
Gisela	19	8.80%

Total	139 Disconnection's
Total	\$27,800.00

Sheet2

Well Production Calculations

per minute	per day	Total Monthly @ 30 days
59 gallons	84,960 daily	2,548,000 @
29.5 gallons	42,480 daily	1,274,000@
19 gallons	27,360 daily	820,000 @

PWC/Mesa Del Caballo

Storage Tank Capacity 106,000 gallons

17.75 loads @ 6,000 gallons = 106,500 thousand gallons

17.75 loads @ 1.5 hours = 1 day 3 hours to deliver

PWC/Mesa Del Caballo

Based on 2010 Annual Report

Well Production vs Augmented (In Thousands)

Gallons:	Sold	Pumped	Purchased	Augmented	Total	Missing
January	1489	820	543 Add	277,000	1363 @	126,000
February	901	633	459 Add	84,000	1092 O/	191,000
March	954	425	458 Over	33,000	883 @	71,000
April	1325	765	554 Add	211,000	1319 @	6,000
May	1301	695	731 Over	36,000	1426 O/	125,000
June	1164	609	630 Over	21,000	1239 O/	75,000
July	1401	761	678 Add	83,000	1439 O/	38,000
August	1391	698	644 Add	50,000	1342 @	49,000
September	1381	699	781 Over	82,000	1480 O/	99,000
October	1185	598	584 Add	14,000	1182 @	3,000
November	1124	599	613 Add	14,000	1212 @	12,000
December	1170	578	587 Over	9,000	1165 @	5,000

Gallons unaccounted for
@44,000

Total Aug. Over Add 0/ Missing
@ 844,000 @ 528,000 @ 272,000
Total of mis/add 800,000

Sheet3

Projected Hauling Costs @ \$ 187.50 per 1.5 hours for round trip

Loads	total gallons	Costs	Hours	PWC/MESA DEL CABALLO
20 loads	@ 120,000	\$3,750.00	1 day 6 hrs	
24 loads	@ 144,000	\$4,500.00	1 day 12 hrs	
28 loads	@ 168,000	\$5,250.00	1day 18 hrs	
34 loads	@ 204,000	\$6,375.00	2 days 3 hrs	
40 loads	@ 240,000	\$7,500.00	2 days 12 hrs	
44 loads	@ 264,000	\$8,250.00	2 days 18 hrs	
50 loads	@ 300,000	\$9,375.00	3 days 3 hrs	

Projected costs Per 1,000 gallons @ \$ 6.04

Town of Payson

Gallons	Purchase	Loads
@ 6,000	\$36.24	1
@ 120,000	\$724.80	20
@ 144,000	\$869.76	24
@ 168,000	\$1,014.72	28
@ 204,000	\$1,232.16	34
@ 240,000	\$1,449.60	40
@ 264,000	\$1,594.56	44
@ 300,000	\$1,812.00	50

PWC/MESA DEL CABALLO

Projected total Cost to Purchase and Haul Water

Trucking per Load	Gallons	Purchase	TOTAL/ W PURCHASE AND HAUL
\$3,750 @ 20 loads	@ 120,000	\$724.80	\$4,474.80
\$4,500 @ 24 loads	@ 144,000	\$869.76	\$5,369.76
\$5,250 @ 28 loads	@ 168,000	\$1,014.72	\$6,264.72
\$6,375 @ 34 loads	@ 204,000	\$1,232.16	\$7,607.16
\$7,500 @ 40 loads	@ 240,000	\$1,449.60	\$8,949.60
\$8,250 @ 44 loads	@ 264,000	\$1,594.56	\$9,844.56
\$9,375 @ 50 loads	@ 300,000	\$1,812.00	\$11,187.00



BROOKE UTILITIES, INC.

P.O. BOX 82218 BAKERSFIELD, CA 93380
CUSTOMER SERVICE CENTER 800-270-6084
FAX 800-748-6981

BROOKE WATER, LLC CIRCLE CITY WATER, LLC NAVAJO WATER CO. INC. PAYSON WATER CO. INC.
PINE WATER CO. INC. STRAWBERRY WATER CO. INC. TONTO BASIN WATER CO.

JOANNA HUTCHISON
c/o ALAN SMITH
8166 BARRANCA
PAYSON, AZ 85541



Statement

ACCOUNT INFORMATION

Account Number:	61138-24899
Statement #:	283575
Bill Date:	07/22/2011
Due Date:	08/06/2011

Service Address: MESA L442

Zone: 13-MDC

SPECIAL MESSAGE

"When we receive your check you authorize us to withdraw funds on the same day we receive payment". Unresolved billing disputes ACC-800-222-7000.

METER READINGS

SERVICE DATES	06/16/2011 - 07/16/2011
METER NUMBER	66247806
CURRENT READ	269,060
PREVIOUS READ	264,090
GALLONS USED	4,970

Bill Date: July 22, 2011
Past Due: August 06, 2011
Disconnection Date: August 16, 2011

ACCOUNT ACTIVITY

Previous Balance	24.40
Late Fee	0.37
Service Charge 5/8 x 3/4" Meter	16.00
Commodity Charge (4000.00 @ 0.00193)	7.72
Commodity Charge (970.00 @ 0.00299)	2.90
Water Augmentation (4970.00 @ 0.01360)	67.59
Gila County & AZ state tax	7.16
Commodity Tax / Usage tax	0.03
Total Amount Due	126.17

PAID

JUL 29 2011

BROOKE UTILITIES

IMPORTANT NEW PROCESS NOTICE REGARDING NOTICE OF DISCONNECTION

AVOID DISCONNECTION FOR NON-PAYMENT

Your water bill has been rendered in accordance with A.A.C. R14-2-409. Accordingly, your bill is DUE AND PAYABLE UPON RECEIPT and is considered PAST DUE (see date above) if not paid within 15 days of the BILL DATE shown above. Pursuant to A.A.C. R14-2-410(E), if this water bill remains unpaid 25 days following the BILL DATE, this water bill will serve as written notice that your service will be disconnected on or after the DISCONNECTION DATE shown above. No further disconnection notice will be sent to you. Reconnection of your water service may be subject to additional fees and penalties as provided by the Company's tariffs and as approved by the Arizona Corporation Commission. Please avoid disconnection and additional fees by timely paying your water bill. If you have further questions please contact our Customer Service Center at (800) 270-6084.

KEEP THIS PORTION FOR YOUR RECORDS



BROOKE UTILITIES, INC.

P.O. BOX 82218 BAKERSFIELD, CA 93380
CUSTOMER SERVICE CENTER 800-270-6084
FAX 800-748-6981

BROOKE WATER, LLC CIRCLE CITY WATER, LLC NAVAJO WATER CO. INC. PAYSON WATER CO. INC.
PINE WATER CO. INC. STRAWBERRY WATER CO. INC. TONTO BASIN WATER CO.

JOANNA HUTCHISON
c/o ALAN SMITH
8166 BARRANCA
PAYSON, AZ 85541



Statement

ACCOUNT INFORMATION

Account Number:	61138-24899
Statement #:	293532
Bill Date:	09/22/2011
Due Date:	10/07/2011

Service Address: MESA L442
Zone: 13-MDC

SPECIAL MESSAGE

"When we receive your check you authorize us to withdraw funds on the same day we receive payment". Unresolved billing disputes ACC-800-222-7000.

METER READINGS

SERVICE DATES	08/17/2011 - 09/16/2011
METER NUMBER	66247806
CURRENT READ	280,280
PREVIOUS READ	273,900
GALLONS USED	6,380

Bill Date: September 22, 2011
Past Due: October 07, 2011
Disconnection Date: October 17, 2011

ACCOUNT ACTIVITY

Previous Balance	58.98
Payment - Thank you!	-58.98
Service Charge 5/8 x 3/4" Meter	16.00
Commodity Charge (4000.00 @ 0.00193)	7.72
Commodity Charge (2380.00 @ 0.00299)	7.12
Water Augmentation (6380.00 @ 0.00820)	52.32
Gila County & AZ state tax	6.32
Commodity Tax / Usage tax	0.04
Total Amount Due	89.52

PAID

OCT 05 2011

BROOKE UTILITIES

89.52

JS

IMPORTANT NEW PROCESS NOTICE REGARDING NOTICE OF DISCONNECTION

AVOID DISCONNECTION FOR NON-PAYMENT

Your water bill has been rendered in accordance with A.A.C. R14-2-409. Accordingly, your bill is DUE AND PAYABLE UPON RECEIPT and is considered PAST DUE (see date above) if not paid within 15 days of the BILL DATE shown above. Pursuant to A.A.C. R14-2-410(E), if this water bill remains unpaid 25 days following the BILL DATE, this water bill will serve as written notice that your service will be disconnected on or after the DISCONNECTION DATE shown above. No further disconnection notice will be sent to you. Reconnection of your water service may be subject to additional fees and penalties as provided by the Company's tariffs and as approved by the Arizona Corporation Commission. Please avoid disconnection and additional fees by timely paying your water bill. If you have further questions please contact our Customer Service Center at (800) 270-6084.

KEEP THIS PORTION FOR YOUR RECORDS

DOCKET NO. W-03514A-10-0116 ET AL.

1 sufficient to serve only 305 connections, and this factor, coupled with the poor water production of
2 the nine wells on the system, create the Company's water shortages on the MDC System.

3 44. The primary problem which the Company's MDC System faces is its well capacities
4 since the water production of the Company's nine wells total 59 gallons a minute at peak capacity
5 and fluctuate down to 19 gallons a minute when production slows. However, even when the wells
6 are producing at maximum capacity, there is insufficient water available for the customers during the
7 peak summer months and that is what causes the Company to have to haul water, as was the case last
8 year.

9 45. Mr. Darak Baddy, Staff's accounting witness, believes that the Company's proposal to
10 make the water augmentation surcharge effective retroactively to May 1, 2010, would constitute
11 retroactive rate making in violation of Arizona law.

12 46. According to Mr. Baddy, if the Company is required to haul all of its water for
13 customer usage, a median user who used 3,621 gallons of water would see a 501.2 percent increase in
14 his bill from \$22.95 to \$137.97. However, Mr. Baddy pointed out that this is a worst case scenario
15 and the amount of the proposed surcharge would depend on the availability of the Company's own
16 water pumped from its wells.

17 47. As described in the Staff Report, if the proposed water augmentation surcharge had
18 been in effect during the peak months of 2009, a typical customer would have experienced an
19 increase of \$16.50 for hauled water on their monthly bill.

20 48. It is not possible for Staff to determine the financial impact of the proposed water
21 augmentation surcharge on the Company's customers because it will be based on a customer's actual
22 water usage and the amount of water which the Company is required to haul in any given month.

23 49. The Company's present rates for its MDC System were approved by the Commission
24 in Decision No. 62401 (March 28, 2000), which established a base rate of \$16 a month for 5/8-inch x
25 3/4-inch meter customers and an excess gallonage charge of \$1.93 per 1,000 gallons for up to the first
26 4,000 gallons of water usage, and \$2.09 per 1,000 gallons in excess of 4,000 gallons.

27 50. The Company is in compliance with prior Commission orders and has no outstanding
28 compliance issues with the Commission's Corporations Division.

Cost Per Month /

WATER AUGMENTATION SURCHARGE
EFFECTIVE MAY 1, 2011 THROUGH SEPTEMBER 30, 2011
PAYSON WATER COMPANY MESA DEL CABALLO SYSTEM

Summary

On March 31, 2010, Payson Water Company ("PWC" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for the emergency implementation of a water augmentation surcharge for customers served by its Mesa del Caballo ("MDC") water system due to potential water shortages during the summer season. Concurrently, the Company also filed an application for proposed changes to its Curtailment Tariff for the MDC System, which contained specific requirements as to when water augmentation will be necessary. An evidentiary hearing was held on May 18, 2010. The Commission issued Decision No. 71902 (the "Decision") on September 28, 2010, which authorized PWC to implement a water augmentation surcharge.

Water Augmentation Surcharge

This interim surcharge shall be in effect between May 1 and September 30 of each year, beginning in 2011, until the conclusion of PWC's next rate proceeding. It shall apply only to customers served by the MDC water system.

The water augmentation surcharge is intended to collect costs for water augmentations made during the previous month – all pass-through costs. Each charge will be determined by taking the total monthly cost and pro-rating the surcharge to each specific customer based on that customer's total consumption for the month in which water augmentation is necessary. Those customers who use more water will pay a larger proportionate share of water augmentation costs than those customers who used less water.

It is difficult to identify how a water augmentation surcharge will affect you, the individual customer, because it will be tied specifically to the amount of water used. However, the following table provides a range of the estimated surcharge costs, based on water usage and the amount of water augmentation necessary, each month.

The last column (100% hauled water) represents a worst-case scenario in the event the Company is required to haul every drop of water to its MDC system from somewhere other than Company wells or water obtained through well sharing agreements. PWC does not anticipate that it will ever be required to haul 100% of water being served to customers in the MDC system.

Surcharge Cost Estimates

Water Use (gallons per month)	<u>25% hauled water</u>	<u>50% hauled water</u>	<u>100% hauled water</u>
2,000 gallons	\$ 35.72	\$ 51.60	\$ 83.36
3,621 gallons	51.70	80.47	137.97
5,000 gallons	65.30	105.01	184.41
10,000 gallons	118.36	195.08	521.24

If the surcharge had been in effect from between May and September of 2009, when water hauling was necessary to augment the water supply, **a typical customer with a median usage of 3,621 gallons per month would have seen an increase of approximately \$16.50 on each monthly bill.** Please note that the Company did NOT seek recovery of 2009 water hauling expenses.

For more information, please contact:
Payson Water Company c/o Brooke Utilities
P.O. Box 82218, Bakersfield, California 93380 or (800) 270-6084